RESEARCH HIGHLIGHT

September 2009

Socio-economic Series 09-019

Extended Characterization of Individuals Experiencing Occasional and Persistent Core Housing Need (2002-2004)

INTRODUCTION

The results of the first ever examination of changes over time in urban[1] housing conditions were presented in the 2008 edition of the Canadian Housing Observer[2]. Longitudinal estimates[3] of core housing need (see text box) based on Statistics Canada's Survey of Labour and Income Dynamics (SLID) (see text box) showed a significant dynamic in those urban individuals experiencing core housing need over the period 2002-2004. Only 4.6 per cent of people persistently lived all three years in urban households in core housing need. People also lived occasionally, for two years (4.2 per cent) or for one year (6.6 per cent), in urban households in core housing need. Combining the "persistently" and "occasionally" categories, overall, 15.4 per cent of people **ever** lived (for at least one year) in urban households in core housing need over 2002-2004. The remainder, 84.6 per cent of urban Canadians, **never** lived in core housing need over this period.

Acceptable Housing and Core Housing Need

The term **acceptable housing** refers to housing that is adequate in condition, suitable in size, and affordable.

- **Adequate** housing does not require any major repairs, according to residents.
- **Suitable** housing has enough bedrooms for the size and make-up of resident households, according to National Occupancy Standard (NOS) requirements. Enough bedrooms based on NOS requirements means one bedroom for each cohabiting adult couple; unattached household member 18 years of age and over; same-sex pair of children under age 18; and additional boy or girl in the family, unless there are two opposite sex children under 5 years of age, in which case they are expected to share a bedroom. A household of one individual can occupy a bachelor unit (i.e. a unit with no bedroom).
- **Affordable** housing costs less than 30 per cent of before-tax household income. For renters, shelter costs include rent and any payments for electricity, fuel, water and other municipal services. For owners, shelter costs include mortgage payments (principal and interest), property taxes, and any condominium fees, along with payments for electricity, fuel, water and other municipal services.

A household is in **core housing need** if its housing does not meet one or more of the adequacy, suitability or affordability standards and it would have to spend 30 per cent or more of its before-tax income to pay the median rent of alternative local market housing that meets all three standards.

[1] Housing conditions for households living in Census Metropolitan Areas (CMAs) and Census Agglomerations with core populations over 100,000 and 10,000 respectively (based on 2001 Census geography).

[2] The 2008 Canadian Housing Observer can be found at the following link: http://www.cmhc-schl.gc.ca/odpub/pdf/66137.pdf

[3] Longitudinal estimates are based on data gathered from the same individuals over several years and make it possible to know how long individuals live in certain housing conditions and whether their housing conditions have changed over time. In order to interpret longitudinal data, it is necessary to use individuals rather than households as a unit of analysis. Longitudinally, it is not possible to track households, as they form, change, and disappear over time as a result of births, marriages, divorces, deaths and the comings and goings of household members. Rather, it is possible to track individuals and attach to them their corresponding household characteristics at the time (e.g., shelter costs, composition, and core housing need of the household in which the individual lived).

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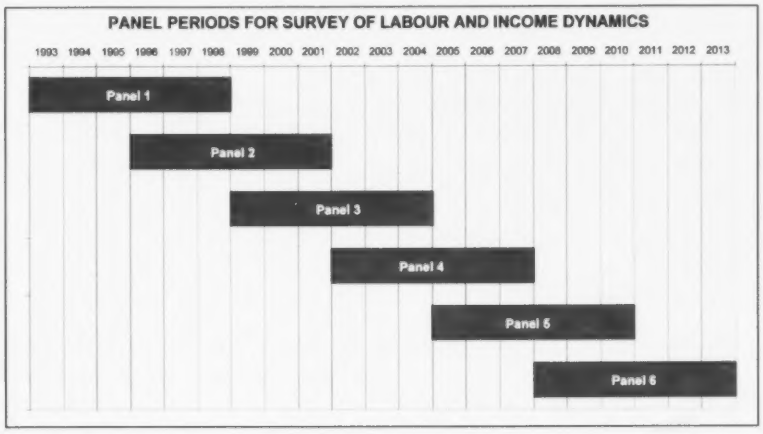
The Survey of Labour and Income Dynamics (SLID)

SLID is a survey conducted annually by Statistics Canada to collect information on the labour and income characteristics of Canadians. SLID covers the ten Canadian provinces but excludes those Canadians living in the territories, in institutions or collective dwellings, in military barracks and on Indian reserves. According to Statistics Canada, these exclusions amount to less than three per cent of the Canadian population (see www.statcan.gc.ca). SLID also excludes the homeless.

SLID collects information for two groups or panels of people who are tracked over a period of six consecutive years. Each panel comprises a sample of some 30,000 people or about 15,000 households. A new panel begins every three years and thus the two panels overlap for three years.



In 2002, a housing cost module was added to SLID as a result of CMHC sponsorship. Until then, SLID had collected only a few housing characteristics. As part of the housing cost module, over 20 housing-related questions were added to SLID. The addition of this module enables the review of most Canadians' housing conditions between censuses as well as the tracking of their housing conditions over time.

The initial longitudinal analysis of urban core housing need also concluded that female lone parents (at 54.6 per cent), renters (at 39.7 per cent), and those living in Toronto (at 21.9 per cent) and Vancouver (at 20.9 per cent) were most likely to ever live in core housing need.

This research highlight extends the characterization of individuals ever experiencing core housing need over 2002-2004, either occasionally (one or two years) or persistently (all three years). The dynamics of core housing need is examined below by the person's household income, income source, number of employed people in the household, level of education and age.

Over time, the housing affordability burden for people in persistent core housing need was much larger than for those in occasional core housing need

Over 2002-2004, noticeable differences in household incomes, shelter costs and shelter-cost-to-income ratios (STIRs) existed between people never experiencing core housing need and those ever (either occasionally or persistently) encountering such a housing condition.

With a median household income more than double that of people who ever experienced core housing need, people who never experienced core housing need had median shelter costs that were only 15 percent higher than people who ever experienced such a housing condition (see Table 1). Hence, their median affordability ratios were much lower (at 15.4 per cent) than those of people who ever lived in core housing need (at about 35.5 per cent).

Among those who ever experienced core housing need, there were marked differences between those who were persistently in core housing need and those who were occasionally in core housing need. With a median household income of only about 61 per cent of that of people who occasionally experienced core housing need, people in persistent core housing need faced shelter costs of about 93 per cent of those in occasional core housing need.[4] Accordingly, people in persistent core housing need carried

[4] Similar shelter costs may be indicative of a floor below which accommodation cannot be obtained.

a much larger housing affordability burden (STIR of 45.0 per cent) than those in occasional core housing need (STIR of 32.4 per cent). In addition, their median rent gap[5] ($3,147) was about 42 per cent larger than the median rent gap ($2,216) of people experiencing occasional core housing need.

A person's household income level is an important determinant of the persistency of core housing need

People living in low-income[6] households over 2002-2004 were the most likely (at 53 per cent[7]) to ever experience core housing need (see Figure 1). About 40 per cent[8] of low-income people ever experiencing core housing need did so persistently. The rest experienced core housing need occasionally.

People living in moderate-income households over 2002-2004 were much less likely (at about 18 per cent[9]) to ever experience core housing need than those living in low-income households. In addition, almost all people in moderate-income households that experienced such a housing condition did so occasionally rather than persistently.

People living in households with "Government transfers" as their major source of income were some of the most likely to ever experience core housing need

At 64 per cent, those living in households with "Other" [10] as a major source of income over 2002-2004 were most likely to ever experience core housing need (see Figure 2). However, this group of people represented a very small proportion of the total population (0.2 per cent). At 46 per cent, individuals living in households having "Government transfers" as their major source of income for all three years were the group of appreciable size (9.8 per cent of the urban population) with the highest propensity to ever live in core housing need.

Period in core housing need	Number of people (millions)	Per cent	Median household income ($)	Median annual shelter cost ($)	Median STIR* (%)	Median rent gap** ($)
Never (none of the years)	17.2	84.6	76,223	10,708	15.4	NA
Ever (at least one year)	3.1	15.4	29,650	9,336	35.5	2,527
Occasionally (one or two years)	2.2	10.8	33,871	9,532	32.4	2,216
Persistently (all three years)	0.9	4.6	20,802	8,862	45.0	3,147
Total (Canada urban)	20.4	100.0	68,000	10,402	17.2	2,527

* Shelter-cost-to-income ratio

** Dollar value difference between annual median rent required to access suitable housing in the local market and 30 per cent of actual before-tax household income.

Source: CMHC (SLID-based housing indicators and data)

Table 1 Descriptives for longitudinal estimates of urban core housing need (2002-2004)

[5] The median rent gap is the annual median rent required to access suitable housing in the local market at less than 30 per cent of actual before-tax household income.

[6] The income level/quintile is determined by the person's average household income over the three-year period (2002-2004).

[7] Calculated as 10.6 percentage points divided by 20 percentage points (see Figure 1).

[8] Calculated as 4.2 percentage points divided by 10.6 percentage points.

[9] Calculated as 3.6 percentage points divided by 20.0 percentage points.

[10] Other income can include: scholarships, bursaries, fellowships, research grants; settlements of life or other insurance policies; retiring allowance and severance pay received from employer; income from outside Canada; lottery and gambling winnings; wage loss replacement benefits and income maintenance payments; inheritance; employer or union supplementary unemployment benefits; payments from Children's Aid; interest from loans and mortgages; regular income from an estate or trust fund.

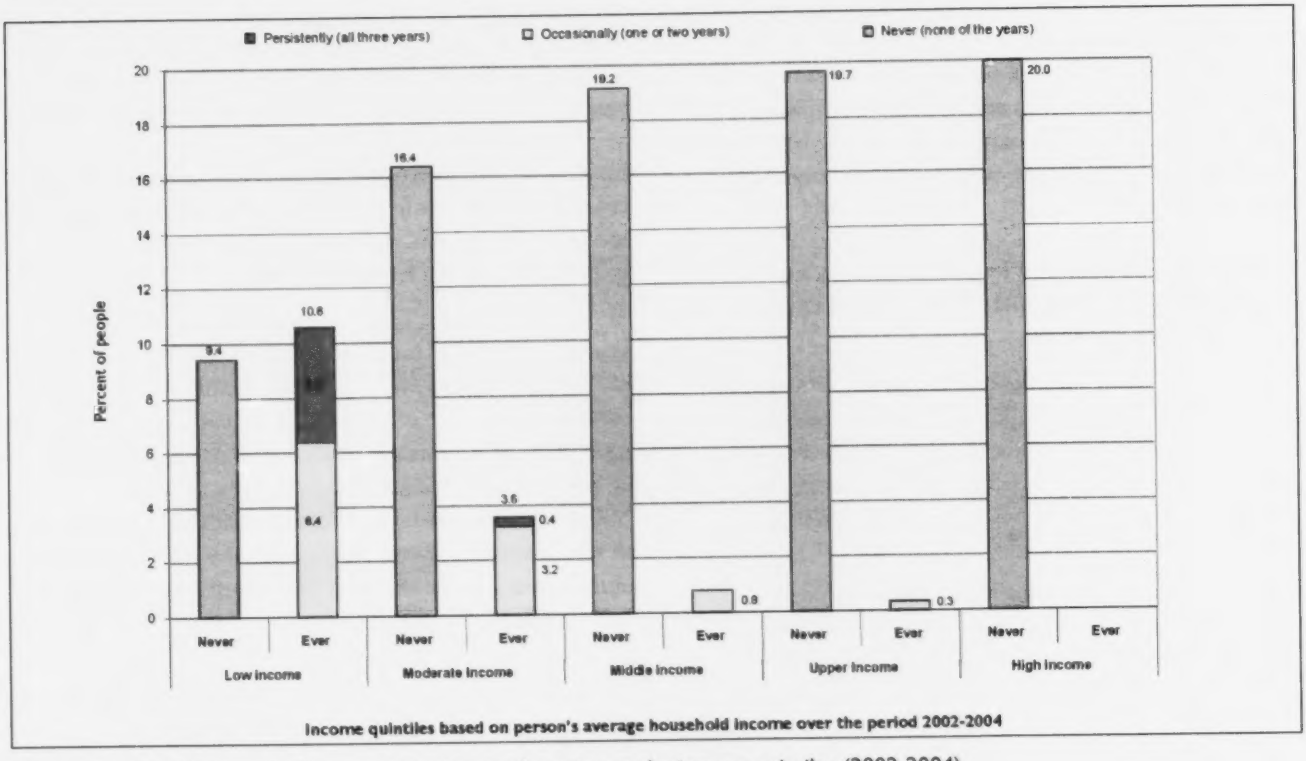


Figure 1 Distribution of urban core housing need persistency by income quintiles (2002-2004)

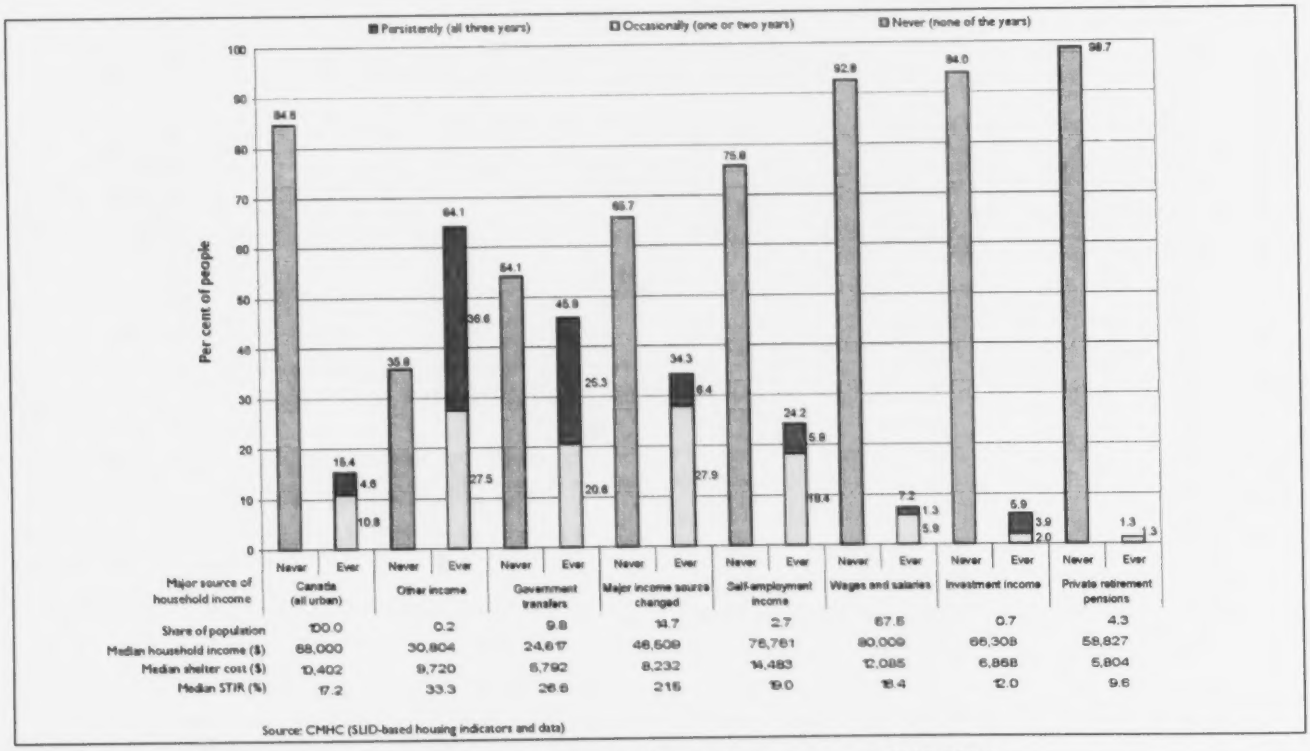
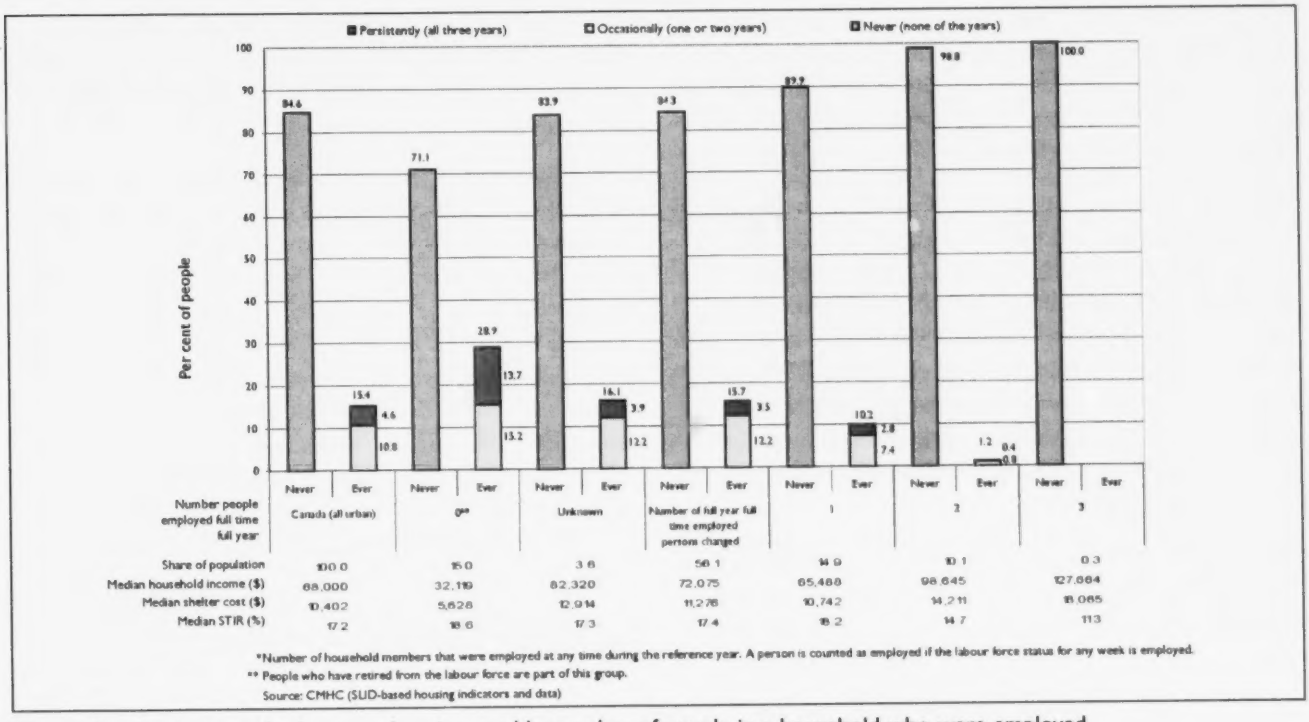


Figure 2 Persistency of urban core housing need by household major income source (2002-2004)



*Number of household members that were employed at any time during the reference year. A person is counted as employed if the labour force status for any week is employed.

** People who have retired from the labour force are part of this group.

Source: CMHC (SLID-based housing indicators and data)

Figure 3 Persistency of urban core housing need by number of people in a household who were employed full time full year (2002-2004)

The majority (55 per cent) of these individuals who were ever in core housing need experienced core housing need persistently rather than occasionally (45 per cent). At $24,617, they had the lowest median household income across all income sources and the lowest median annual shelter costs ($5,792).

People living in households who experienced a change in their major income source were more than twice as likely (at 34.3 per cent) to ever experience core housing need as the average urban Canadian (at 15.4 per cent), but their experience of core housing need was predominantly occasional. With a median household income of $46,509, almost double the income of those living in households whose major source of income was "Government transfers" ($24,617), their affordability burden (STIR of 21.5 per cent) was much lower than that of people living on government assistance all three years (STIR of 26.6 per cent).

On the other side of the spectrum, people in households living on wages and salaries, which comprised about 68 per cent of the urban population, were half as likely (at 7.2 per cent) to ever experience core housing need as the average urban Canadian (15.4 per cent). Most of them (82 per cent) did so only occasionally. Their high median household incomes ($80,009) allowed them a low affordability burden (median STIR of 16.4 per cent).

At 1.3 per cent, people living in households whose incomes came mainly from "Private retirement pensions" were those least likely to ever experience core housing need. Their low shelter costs (median of $5,804) translated into a very low affordability burden (STIR of 9.6 per cent). In many cases, these were owners with no mortgage and who therefore had to cover only utility costs and property taxes.

The number of employed people in a household was a factor in the persistency of core housing need, as was the type of employment

Consistent with the effects of a person's household income level on his/her dynamics of core housing need, the fewer employed members there were in a person's household, the more likely the person was to ever experience core housing need (see Figure 3). Households with fewer earners have less capacity to generate income and afford their homes. At 28.9 per cent, those living in households with no full-time, full-year employed people[11] were the most prone to

[11] Households with no employed people include those who have retired from the labour force.

ever experience core housing need. With median household incomes ($32,119) of less than half (47 per cent) of the national average ($68,000), this group of individuals had shelter costs ($5,628) which were about half (54 per cent) of the national average ($10,402).

Generally, the higher the number of people in the household who were employed full time full year, the less likely was core housing need. At 10.2 per cent, people living in households with one full-year, full-time employed person (all three years) were less likely than the average urban Canadian (at 15.4 per cent) to ever experience core housing need. Only 1.2 per cent of people living in households with two full-time, full-year employed members ever experienced core housing need, and those with three never experienced such a housing condition.

Over half (56 per cent) of people lived in households in which the number of persons employed fulltime, fullyear changed during 2002-2004. These persons ever experienced core housing need at about the same rate (15.7 per cent) as all urban Canadians (15.4 per cent), but only 22 per cent of those ever in core housing need did so persistently (compared to about 30 per cent of all urban Canadians ever in core housing need).

When including temporary jobs in the employment status of a person, a similar relationship between labour and the dynamics of core housing need exists (see Figure 4). At about 24 per cent, individuals living in households having no one employed at least one week during the year over 2002-2004 were the most prone to ever experience core housing need; about half of those who ever experienced this housing condition did so all three years. However, at 18.9 per cent, having only one person in a household who was employed at least one week was not enough to be less likely to ever experience core housing need than the average urban Canadian (at 15.4 per cent). Only having two persons employed at least one week in a year (at 4.9 per cent) brought the incidence of ever being in core housing need below the national urban average. On the other side of the spectrum, those living in

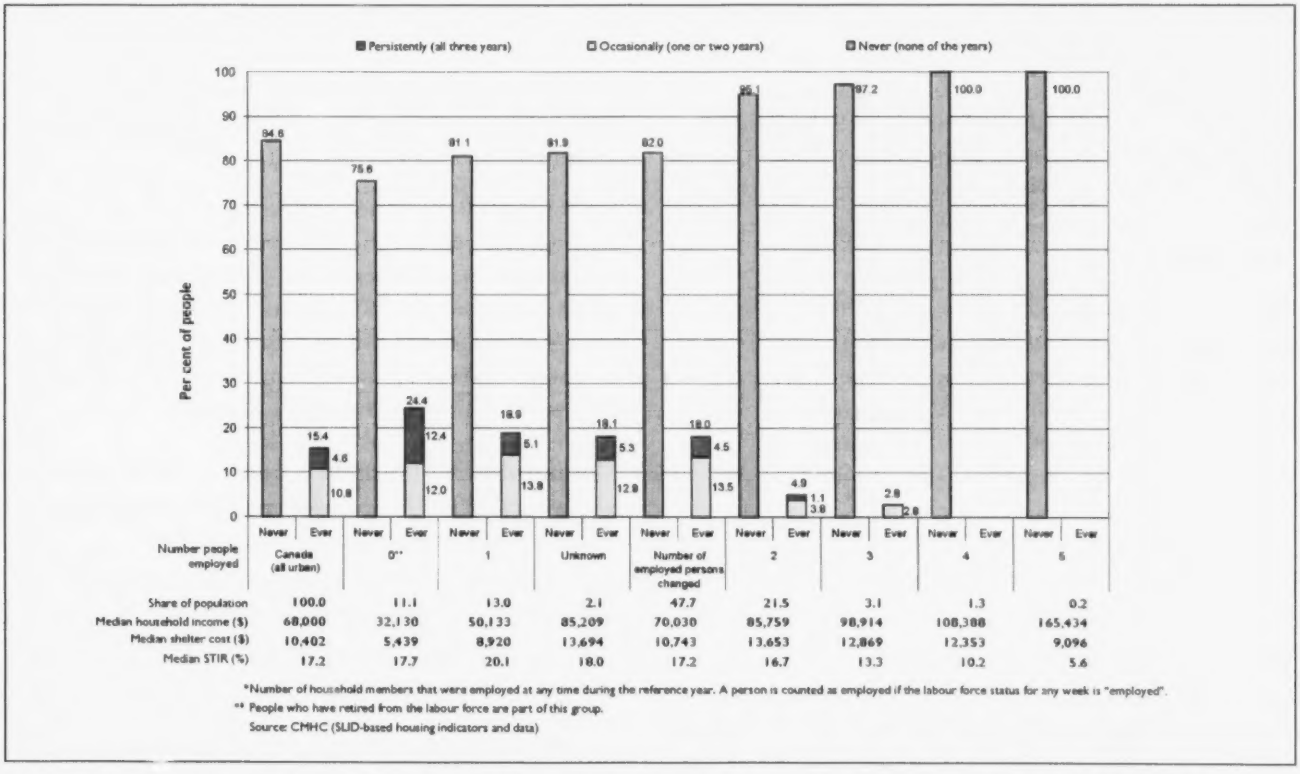


Figure 4 Persistency of urban core housing need by number of people in a household who were employed* (2002-2004)

households with three or more members who were employed at least one week in a year (all three years) were very unlikely (at 2.8 per cent or lower) to ever experience core housing need; when they did, it was only occasionally.

Lower education levels were associated with more persistency in core housing need

The education level of adults (age 16 and older) in a household was clearly associated with the dynamics of core housing need. Those households whose adults had lower levels of education experienced a higher propensity to ever experience core housing need over 2002-2004.
At 21.4 per cent, adults with 0 to 8 years of elementary school were those most likely to ever experience core housing need (see Figure 5). This was a group of adults who were older, with a median age of 65 years old. At 7.6 per cent, this group was also the most likely to experience core housing need persistently. At $39,834, they had the lowest median household income across all education levels and the lowest median shelter costs ($6,188).

Completing high school was an important break point. At 14.3 per cent, adults who had graduated from high school were as likely to ever experience core housing as all adult urban Canadians (at 14.5 per cent). Adults having more than just high school education were less prone to ever experience core housing need than adult urban Canadians in general.

In the upper part of the education spectrum, at least 90 per cent of adults with a university education, typically in their 40s, never lived in a household experiencing core housing need; when they did experience core housing need, it was mostly occasional. This was mainly due to these adults' households having relatively higher incomes than adults with lower levels of education.

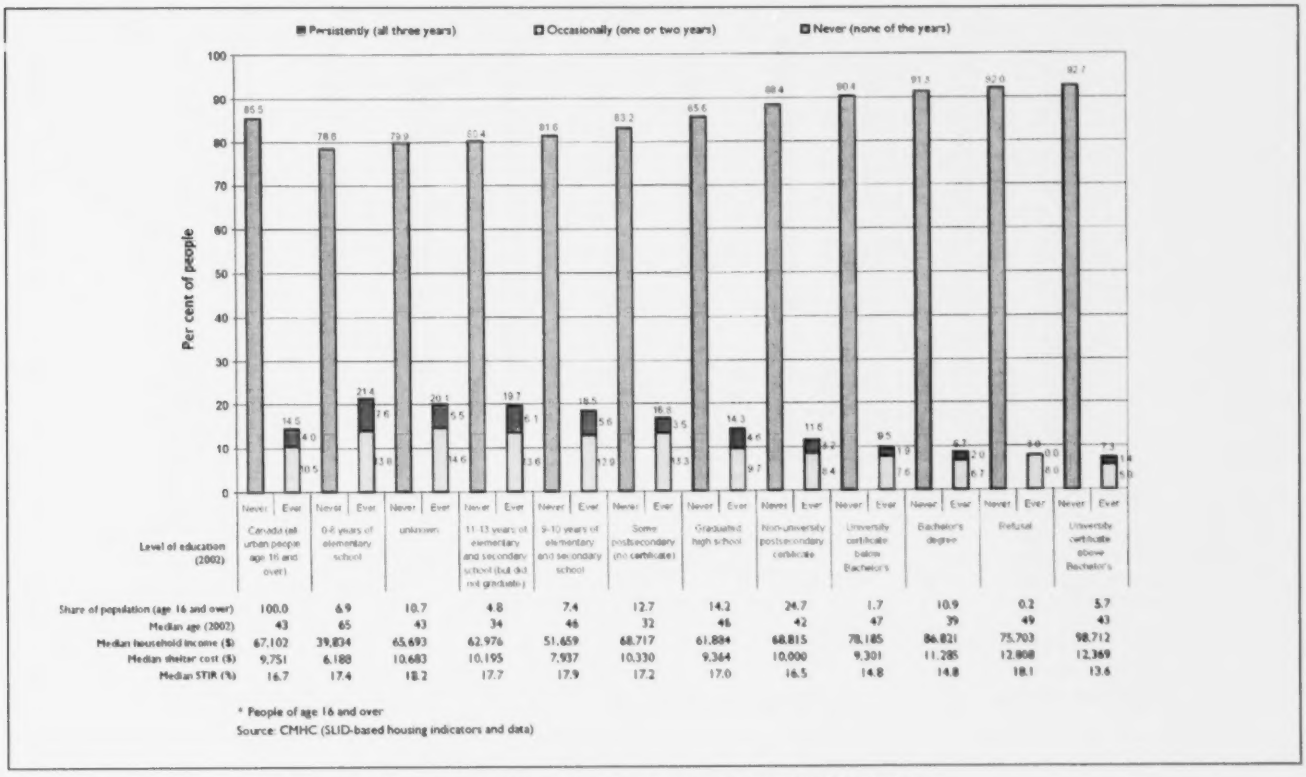

Persistently (all three years)
Occasionally (one or two years)
Never (none of the years)
Per cent of people
Level of education (2002)
Canada (all urban people age 16 and over)
0-8 years of elementary school
unknown
11-13 years of elementary and secondary school (but did not graduate)
9-10 years of elementary and secondary school
Some postsecondary (no certificate)
Graduated high school
Non-university postsecondary certificate
University certificate below Bachelor's
Bachelor's degree
Refusal
University certificate above Bachelor's
Share of population (age 16 and over) 100.0 6.9 10.7 4.8 7.4 12.7 14.2 24.7 1.7 10.9 0.2 5.7
Median age (2002) 43 65 43 34 46 32 46 42 47 39 49 43
Median household income ($) 67,102 39,834 65,693 62,976 51,659 68,717 61,884 68,815 78,185 86,821 75,703 98,712
Median shelter cost ($) 9,751 6,188 10,683 10,195 7,937 10,330 9,364 10,000 9,301 11,285 12,808 12,369
Median STIR (%) 16.7 17.4 18.2 17.7 17.9 17.2 17.0 16.5 14.8 14.8 18.1 13.6
* People of age 16 and over
Source: CMHC (SLID-based housing indicators and data)

Figure 5 Persistency of urban core housing need by education level of adults* (2002-2004)

Young people were more exposed to core housing need over time

Over 2002-2004, young people were more likely to ever experience core housing need than older people. Despite living in households with median incomes of $73,228, higher than the national average of $68,000, people aged 18-24 (at 19.8 per cent) were the most likely to ever experience core housing need (see Figure 6). However, most of these individuals (84 per cent) faced core housing need only occasionally.

At 19.6 per cent, children younger than six years of age were the second most likely age group to ever experience core housing need. Even though the incidence of core housing need[12] is not particularly high among couples with children, there are many small children exposed to core housing need because people living in this type of household represent a large portion of the total urban population (more than 35 per cent over 2002-2004). Small children in lone-parent families which are very prone to experiencing core housing need[13] would also be part of the group of children experiencing core housing need.[14]

At 16.2 per cent, people aged 70 and older were also more likely to ever experience core housing need than the average Canadian urban person (at 15.4 per cent) over 2002-2004. Seniors living alone, particularly females, are very likely to ever experience core housing need.

At 11.8 per cent, those aged 45-54 were the least likely to ever experience core housing need. People at these ages have usually reached a peak in their earnings; the median household income for this group ($78,929) was the highest among all age groups.

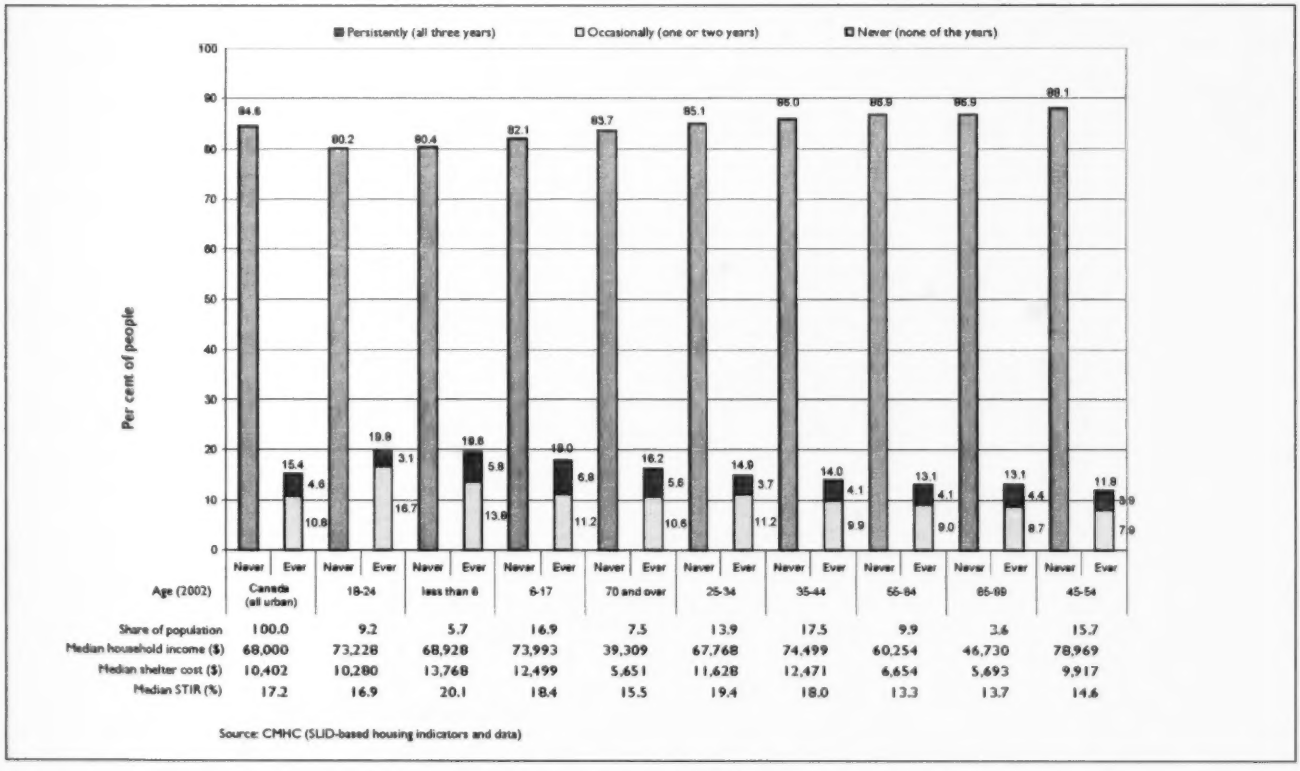


Figure 6 Persistency of urban core housing need by age group (2002-2004)

[12] Only 10.6 per cent of people living in couples with children ever experienced core housing need over 2002-2004.

[13] People living in lone-parent families had a relatively high incidence (at 48 per cent) of ever experiencing core housing need over 2002-2004.

[14] The incidences over 2002-2004 of ever experiencing core housing need were 34.4 per cent for seniors living alone and 37.3 per cent for senior females living alone (2008 Canadian Housing Observer http://www.cmhc-schl.gc.ca/odpub/pdf/66137.pdf).

Summary and conclusions

The discussion above provided an extended characterization for urban individuals who were never (none of the years) in core housing need and those who were ever (at least one year) in core housing need during 2002-2004. People who ever experienced core housing need faced a much larger affordability burden (median STIR of 35 per cent) than those who never experienced core housing need (median STIR of 15.4 per cent).

Among people who ever experienced core housing need, those living in core housing need all three years faced the most difficult situation, reflected by a median STIR of 45 per cent. When in core housing need, the rent gap (difference between the median rent needed to access suitable housing locally and 30 per cent of household income) for those persistently in core housing need (median of $3,147) was much larger than that of people who lived in this housing condition occasionally (median of $2,216).

At 53 per cent, people living in low-income households were the most likely to ever experience core housing need. Twenty percent of people in low-income households lived in core housing need persistently.

At 45.9 per cent, consistent with the persistency of core housing need according to the person's household income, people whose households lived mostly on government transfers were relatively more likely to experience core housing need. Similarly, those living in households with no one employed either temporarily or full year full time (at 24.4 per cent and 28.9 per cent respectively) were more likely to ever experience core housing need than the average urban Canadian (at 15.4 per cent).

Education levels and age were also associated with the dynamics of core housing need. Those with less than high school education were more likely to ever experience core housing need than the average urban Canadian (at 15.4 per cent). At about 18 per cent or more, young people (age 24 or younger) were those most likely of people of all ages to ever experience core housing need.

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